

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 667 – SB 737

March 18, 2015

SUMMARY OF ORIGINAL BILL: Increases, from five to six years, the amount of administrative experience an individual must obtain prior to being eligible for appointment as the Commissioner of the Department of Intellectual and Developmental Disabilities (DIDD).

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004246): Deletes all language after the enacting clause. Requires the Greene Valley Development Center to continue as a facility and remain a willing provider of services for eligible persons. Requires the state to seek to modify any federal court order and any related exit plan in the case of *People First of Tennessee, et. al. v. Clover Bottom Developmental Center, et. al.*, No. 3:95-1227 (United States District Court, Middle District of Tennessee) in order to give effect to this section.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures - \$1,434,800/One-Time
\$216,800/Recurring**

Increase Federal Expenditures - \$403,200/Recurring

Assumptions for the bill as amended:

- The Greene Valley Development Center (GVDC) is set for closure by June 30, 2016. This closure was the second phase of the exit plan obligations included in the order issued by the U.S. District Court on January 29, 2015. Upon closure of GVDC, the Clover Bottom lawsuit would be dismissed.
- Based on information provided by the Department of Intellectual and Developmental Disabilities (DIDD), the department will pursue a modification to the exit strategy through litigation resulting in one-time legal expenses in FY15-16 of \$1,434,800.
- The department has a contract with the Quality Review Panel (QRP) to monitor compliance with the Clover Bottom et. al. Settlement Agreement. The current contract is budgeted at \$980,000. The FY15-16 budget realizes a reduction in this contract of \$620,000. These savings will not be realized because there will not be a reduction in QRP services. The QRP contract is funded through state (34.965 percent) and federal (65.035 percent) matching funds.

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- The increase in recurring state expenditures is estimated to be \$216,783 ($\$620,000 \times 0.34965$).
- The recurring increase in federal expenditures is estimated to be \$403,217 ($\$620,000 \times 0.65035$).
- The FY15-16 budgeted per diem at GVDC is \$1,228.31. With the closing of GVDC June 30, 2016, the department expects to realize savings starting in FY16-17 based on the lower average cost of private ICF/IDD services of \$420.32. Continuing the facility and services at GVDC will prevent the state from realizing savings in FY16-17. The exact amount of possible savings is unknown, but is conservatively estimated to be at least \$7,000,000.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

/kml